

LOUISVILLE METRO COUNCIL COMMITTEE MINUTES

Labor/Economic Development
Thursday, March 4, 2010
3:06 P.M.
Third Floor, City Hall

Present:
Chair: CW Butler
Members: CM King & CM Peden

Absent: CM Tandy & CM Downard (excused absences)

Chairwoman Butler began the meeting by announcing the members of the committee that were present. A quorum was established.

Pending Legislation

1--R-42-02-10 A RESOLUTION DETERMINING ONE (1) PARCEL OF REAL PROPERTY LOCATED AT 400 S. 1st STREET OWNED BY LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT ("METRO GOVERNMENT") AS SURPLUS AND NO LONGER NEEDED FOR A GOVERNMENTAL PURPOSE AND AUTHORIZING ITS TRANSFER.

Status:-In-Committee
Committee:-Labor & Economic Development
Primary Sponsor:-David Tandy

Motion to approve made by James Peden and seconded by Jim King

Discussion: Judy Hettich, Public Works & Assets, stated the property was on the southwest corner of 1st and Liberty Streets, and at one point housed the Louisville Visitors Bureau. The item is being surplusd and put up for sale. The building has about 13,900 square feet, is 2-stories and has 22 paved/stripped parking spaces. The City acquired the property back in 1987 for about \$650,000. Metro will put out an RFP (Request for Proposals) for competitive bidding on the piece of property. The best use was determined to be as an office building. The asking price is \$1.6million. The sale of this building was anticipated in the FY09-10 Budget Review.

By voice vote, this item was sent to the **Consent Calendar**.

2--R-52-02-10 A RESOLUTION APPROVING A FORGIVABLE LOAN TO HERTZ INVESTMENT GROUP, LLC PURSUANT TO ORDINANCE NO. 54 SERIES 2009 FOR THE RENOVATION OF SPACE IN THE STARKS BUILDING LOCATED AT 455 S. FOURTH STREET.

Status:-In-Committee
Committee:-Labor & Economic Development
Primary Sponsor:
-David Tandy
-Hal Heiner

Motion to approve made by James Peden and seconded by Jim King

Discussion: Bruce Traughber and David Morris, Economic Development, along with Mendel Hertz, Hertz Starks Building, were present for the discussion. A handout was distributed to the committee describing the proposed tenant. (attached) This is a forgivable loan agreement pursuant to action by the

Council from the remaining \$300,000 balance on the Marriot Hotel Bond Issue. The forgivable loan will incentivize the reconstruction of the corner of 4th & Muhammad Ali the Starks Building as a restaurant facility.

Work with the owners of the Starks Building has been progressing since 2007 to make this conversion and is of great historic importance in the community. The building is on the corner of the Entertainment District. There is an Indigo Hotel proposal, a new city parking garage being done at 4th & Chestnut, a new restaurant going into the space across from Theatre Square and a number of others changes occurring in that area. Since Hertz ownership, the building has 72% occupancy. The Colonnade Restaurant is going in on the first floor of the building.

There is a Letter of Intent from the proposed tenant, Eddie Merlot's Restaurant. The forgivable loan is one of the contingencies necessary to move forward and obtain full commitment.

The Starks Building was purchased by the Hertz Investment Group from All State Insurance Company in 2006. Since the purchase of the building, Hertz has aggressively been leasing portions of the building with an interesting mix of tenants. The building was constructed into two parts when built; the first in 1912 and second in 1927. The Investment Group has been restoring the original elegance of the building.

The actual cost to attract and bring Eddie Merlot's to the Hertz Starks Building is about \$3.5million, which a small portion of that is being requested from Metro Government towards the development of the project. The Investment Group and the Tenants are partnering on the total price of the project. All requirements have been met in the Agreement and Goal Statements required by the Metro Council in Development Agreements; local participation, minority participation, female participation, the local labor content, and the agreement to audit/open book process. The deal is incomplete with some contingencies to cover. The Investment Group is looking to Economic Development for some of the standard loan products and will request additional financing for the building; such as a façade loan. In place are guarantees from the holding company on certain provisions in the lease.

The committee requested a Letter of Commitment between the Investment Group and Economic Development that there will be a certain level of investment and will be documented for access and review by Metro Government.

By voice vote, this item was sent to the **Consent Calendar** with the caveat the Chair and committee members receive the letter by the March 11th Metro Council meeting.

Mr. Hertz invited the Metro Council to the Hertz Starks Building for a tour.

3--R-50-02-10 A RESOLUTION APPROVING FORGIVABLE LOANS TO HABITAT FOR HUMANITY OF METRO LOUISVILLE, INC. ("HABITAT") FOR THE ACQUISITION OF PROPERTY FOR ITS HEADQUARTERS AND TO YOUNG ADULT DEVELOPMENT IN ACTION, INC. D/B/A YOUTHBUILD LOUISVILLE ("YOUTHBUILD") FOR THE PURCHASE AND REHAB OF A BUILDING FOR ITS OPERATIONS PURSUANT TO ORDINANCE NO. 54, SERIES 2009.

Status:-In-Committee

Committee:-Labor & Economic Development

Primary Sponsors: -David Tandy

-Hal Heiner

Motion to approve made by James Peden and seconded by Jim King

Discussion: Rob Locke, Executive Director of Habitat for Humanity, stated in 2010 Habitat for Humanity Metro Louisville celebrates 25 years of helping low-income families become home owners. Two weeks ago they were recognized by Business First as the 9th largest home builder by volume in the community.

Since 1985, 325 families have been helped to build their own homes. These homes shelter over 1,000 people who have contributed \$1.4 million in property taxes to support the community.

There are still 12,000 families on the Section 8 waiting list and the need for affordable housing has never been greater. The organization has a vision to double the housing solutions it will provide to low-income families over the next 9 years. By 2019, Habitat hopes to have helped at least 600 families to build homes. A critical step to achieve this vision is acquiring space to expand the administration, construction and restore components of this business. Restore is owned by Louisville Habitat and is the community's only non-profit store for building materials. All profits from the store go to support Habitat's mission of building quality, affordable homes.

In late 2008, the board of directors appointed the Home for Habitat Task Force evaluated the current facilities with respect to functionality and growth opportunities. It was determined without expansion, Habitat had reached capacity in the number of families served and may need to reduce this number in the future. The Task Force recommended a Capital Campaign to raise the funds required to relocate the facilities to a sizable building that would double the service capacity, and give Restore the opportunity to generate significantly more revenue. The board approved the pursuit of the Capital Campaign a few months later, and has been actively seeking a building since.

In late 2009, after a year of searching, the Tip Top Bakery Building located at 1620 Bank Street came to their attention. After research, they were convinced this building meets the requirements. It will take some time to realize but they expect to invest \$2 million into this site doubling the capacity.

Habitat for Humanity Metro Louisville requests \$750,000 investment of NSP funds into a home for Habitat. This will allow the first phase of development to be completed by the end of Summer of 2010. It is believed to be a good use of NSP funds for the following reasons: 1620 Bank Street and 1612 to 1620 Columbia Street, the buildings and lots that constitute the first phase are currently blighting the neighborhood; the buildings located in the NSP target area of greatest need. Habitat for Humanity Metro Louisville is a 501C3 non-profit entity that serves families earning between 28% and 70% of area median income and have built over 70 homes in the surrounding Portland Neighborhood. Habitat owes substantial adjacent property made up of several lots and a 6,000 square foot building. This property puts Habitat in a unique position to renovate the building quickly. Over the last three years, Louisville Habitat has become a community leader in complete home renovation. Several of those homes were donated (a handout is attached).

This is a forgivable loan that is a HUD grant that was received by Metro Government.

By voice vote, this item was sent to the **Consent Calendar**.

4--R-49-02-10 A RESOLUTION AUTHORIZING THE MAYOR TO ACCEPT FUNDING FROM PARTICIPATING LOUISVILLE FINANCIAL INSTITUTIONS AND COMMUNITY ORGANIZATIONS IN THE AMOUNT OF \$40,000.00, TO BE USED AS THE MARKETING BUDGET FOR THE BANK ON LOUISVILLE PROGRAM, ADMINISTERED BY THE ECONOMIC DEVELOPMENT DEPARTMENT.

Status:-In-Committee

Committee:-Labor & Economic Development

Primary Sponsor:-Marianne Butler

Motion to approve made by James Peden and seconded by Jim King

Discussion: Bruce Traugher, Economic Development, introduced some members of Bank On Louisville. In 2008, Economic Development collaborated with public and private sector stakeholders to commission and release a Drill Down Study done by Social Compact, Inc. to measure the cash economy or the informal economy in low to moderate income neighborhoods in Louisville. The study documented these neighborhoods had a previously undocumented additional market power of \$1.1 billion and an additional

44,817 people under-counted by the 2000 census. It's important to economic development to document the full market potential of under-served neighborhoods in order to recruit new investments to these neighborhoods at the highest level. Retail operations use a paper trail left by credit cards and check usage to predict what the sales level will be for any new locations they are considering. The Economic Development Department utilizes this important information to educate potential investors about opportunities to locate in Louisville's under-served neighborhoods. One example has been to use the information to attract a grocery store in the Park Duvalle Neighborhood.

This has encouraged folks who do not use banks, to get them to use banks. Economic Development applied for technical assistance to start a Bank On program through the National League of Cities, Bank On Cities Campaign. There are two goals: to offer opportunities for financial stability to the individual in the family and to improve the conditions for new investment in under-served neighborhoods. In April 2009, Metro Louisville was one of eight cities to be awarded the grant for technical assistance among the 20 who applied. They are gearing to launch in December 2010. There is a need for a marketing budget to promote the no- to low-fee products offered by main stream credit unions and banks. These products are being created but the marketing needs to be funded with donations from the banks and the credit unions, which will benefit by the increased number of customers. Currently there is \$40,000 in donations this fiscal year with 17 financial institutions participating in the program. 31 non-profit organizations are using their resources to reach out to folks encouraging them to participate in the program. There are 4 educational entities, 2 private sector entities, 4 government agencies and the Federal Reserve of Saint Louis are active partners in this effort as well.

By voice vote, this item was sent to the **Consent Calendar**.

5--R-15-01-10 A RESOLUTION AUTHORIZING THE MAYOR AND THE ECONOMIC DEVELOPMENT DEPARTMENT TO APPLY TO THE COMMONWEALTH OF KENTUCKY FOR AN ECONOMIC DEVELOPMENT BOND GRANT FOR THE BENEFIT OF SIGNATURE HEALTHCARE IN THE AMOUNT OF \$250,000 AND TO ACCEPT SAID GRANT IF AWARDED.

Status:-In Committee - Held

Committee:-Labor & Economic Development

Primary Sponsor:-David Tandy

This item **REMAINED HELD IN COMMITTEE**.

Motion to adjourn made by Jim King and seconded by James Peden
Without objection the meeting adjourned at 4:02PM

***NOTE: Items sent to the Consent Calendar or Old Business will be heard before the full Council at the Metro Council Meeting on March 11, 2010.**

KLP